



**Vision Statement:**

Vernonia will continue to build a secure and diverse economic foundation while maintaining its historic atmosphere and undying sense of community through the values of: Pride – Integrity – Respect

**Mission Statement**

The City of Vernonia pledges to be an ethical and responsive government using community collaboration to foster leadership and a vision for civic improvement while providing a safe, peaceful, economically viable community.

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## **CITY OF VERNONIA BUDGET MESSAGE 2011-2012**

To the Honorable Mayor Josette Mitchell, members of the City Council, citizen members of the Budget Committee, and the community of Vernonia, Columbia County, Oregon.

As your Budget Officer, it is my pleasure to present for your consideration a balanced budget for the fiscal year (FY) 2011-2012. All City departments, commissions and committees invested considerable effort preparing this forecast of revenue and expense with a single goal of maintaining Vernonia. The source for revenue projections include the League of Oregon Cities for cigarette, liquor, and State Gas Tax; the Columbia County Assessors Office for property taxes; and generally recognized sources for trends in franchise fees, state revenues, contracts, pending grants, and other revenues. The proposed City of Vernonia annual budget for FY 2011-2012 has been prepared pursuant to Oregon Local Budget Law. This budget message also complies with Oregon Local Budget Law.

The following is a brief description of some of the major funds within the City's operating budget:

### **General Fund**

The General Fund revenues come from *property taxes, franchise fees, licenses, grants and other resources that fund police, planning, library, engineering, finance, and administration*. The General Fund is budgeted at \$977,598. This represents a reduction in revenue over last fiscal year when approximately \$1,200,000 was budgeted. The following two are examples of the larger revenue streams: property taxes \$580,000 and franchise fee \$128,000.

We are cautiously optimistic that there will be no marked discrepancy from their estimate that would force a reduction in expenditures in the general fund. However, the combination of depressed real estate market values, home foreclosure trends, home sales at below market rates and the acquisition of housing through buyouts will collectively impact property tax revenues over the next five to ten years. There is no expectation that new construction within the Vernonia housing market will offset these identified downward indicators.



## **State Gas Fund**

The State Gas Fund revenues are directed to the Streets Department operations which focus on minor street maintenance. The State Gas Fund estimate is \$ 110,000 for FY 2011-2012. The amount budgeted in FY2010-2011 was inflated; this year's budget reflects year to date receipts with a modest increase. The City intends to secure funds through the ODOT Surface Transportation Program that will be used to overlay at least one street in FY2-11-2012. The City has no plans to institute a local gas tax as 2009 State legislative action precludes that option until after 2014.

## **The Sewer Fund**

Increases expected in fuel costs (projected at 14 to 25% by mid-2012), will both our operations as well as our ability to collect utility revenues. The Sewer Rehab Account is increased by \$1.25 million over last year as the City will move forward on with engineering on the proposed wastewater facility improvements. This increase is derived from three secured resources: Community Development Block Grant, State Revolving Fund and State and Tribal Assistance Grant. The balance of the CDBG funds available are planned to be expensed in FY 2012-2013 between July and September 2012. The city will complete a sewer rate study in 2011-2012. It is unknown whether this rate study, if adopted by City Council, will be implemented in FY2011-2012. The Sewer Fund supports a portion of eight (8) City staff.

## **The Water Fund**

Increases expected in fuel costs (projected at 14 to 25% by mid-2012), will impact both our operations as well as our ability to collect utility revenues. The city will complete a water rate study in 2011-2012. It is unknown whether this rate study if adopted by City Council will be implemented in FY2011-2012. The Water Fund supports a portion of eight (8) City staff.

## **The Park Fund**

The City collects a \$2.00 per month fee to be used for parks maintenance. This accrues approximately \$20,000 annually. The city collects fees for use of various park facilities that accrues approximately \$50,000 annually. This year there will be General Fund Transfers to the Park Fund of \$5,500. Park Fund supports a portion of two (2) City staff and/or a contractor for basic park maintenance.

## **Transient Room Tax**

The City of Vernonia has no Transient Room Tax ordinance.

## **General Fund Transfers**

If necessary, it is allowed that the General Fund provides funding for several City departments, including: Cemetery, Building, Police, Library, and Parks. This is shown as General Fund Transfers to the individual departments so that their budgets are balanced. This year there are two proposed General Fund Transfers: (1) Parks \$5,500 and (2) VCLC \$2,110.



## **Building and Equipment Fund**

The City anticipates purchasing two new or late model trucks for the Public Works Department. The City will return two vehicles currently under lease agreements. The Public Works Department also will assess the sale of standing timber on some properties acquired through the buyout process now underway and sell the timber using the proceeds to purchase equipment to maintain open space. A tractor is the most likely equipment purchase. Excess building fund balance has been assigned to a professional services contractor to support code enforcement, nuisance abatement, and flood plain compliance scope of work.

The City will pursue volunteer support to complete routine maintenance of the City Hall, the Library and the Vernonia Community Learning Center that will include power washing of the exterior, some lawn maintenance and some exterior painting. New construction community development projects will increase demands on staff resources in the planning, public works, legal and building departments; however we anticipate that impact will be covered through our fee and permit structure. These projects include the Vernonia School District, the Missouri Avenue and Bridge Street Improvements, and the Vernonia wastewater facility engineering and design projects. Additionally, the proposed relocation of three core community services (the Vernonia Cares Food Bank, the Vernonia Area Senior Center and the Vernonia Community Health Clinic) to the Rose Avenue Project sponsored by the City will see predevelopment this budget year. The City will continue to see significant work in our response to the flood damaged homes and businesses and anticipate both acquisitions and elevations of buildings throughout the coming year. By end of FY2011-2012, the demolition of the school campus will necessitate a new demolition contract and may require some legal costs in association with contracting.

## **Summary of Other Funds**

The City anticipates minor changes in the budget in a variety of funds, as follows:

- Airport Fund is approximately neutral
- Cemetery Fund is approximately neutral
- Library Fund is approximately neutral
- Street Fund sees an increase of \$61,590 due to repayment of bond
- Vernonia Community Learning Center fund is approximately neutral, with the exception that a transfer is made to pay off COLPAC loan repayment.
- System Development Charges estimate is based on only two (2) single family housing units being developed

## **Value and Total Benefit**

According to the Columbia County Assessors Office, the City of Vernonia estimated tax assessed valuation, reported to staff on February 17, 2011 is \$112,035,668. According to the CC Assessors Office, the City of Vernonia tax assessed valuation in 2010-2011 totaled \$109,058,496, a difference of \$2,977,172. The Vernonia fixed tax rate is \$5.8163 per thousand assessed valuation. After deducting 8.6% for uncollectable taxes, the FY 2011-2012 budget projects \$559,000 in taxes to the general fund. The City of Vernonia per capita cost is approximately \$234.68.



Salaries paid from more than one source are detailed in the budget document. It should be noted that the FY 2011-2012 budget will show a few changes in salary distribution. The City Administrator salary is capped at \$60,000 (and is split evenly among General/Water/Sewer Funds). This is about a 20% reduction from the previous salary paid for a City Administrator. The Police Chief will continue to be paid as an Interim position in FY 2011-2012. There is continues to be no Public Works Director position in the FY 2011-2012 budget.

Contracted services for staff under collective bargaining agreements are forecast to be increased at 2.5 percent (CPI-W). This includes the Vernonia Police Association (two covered members) and AFSCME (four covered members). There is a new police officer position proposed with an estimated mid-year start date. Two staffers covered by CBA are eligible for step increases, which are budgeted for in the document.

Special professional service contracts for essential City functions will continue to be supported by the following individuals or firms per existing contract, or at the will of the City Council, through contract extensions: Alexandra Sosnkowski as City Attorney, HLB OTAK as City Engineer, The Building Department as the Building Official, and Carole Connell as City Planner. The professional services contract with Columbia Pacific Economic Development District for Interim City Administrator ends no later than June 30, 2011 and does not carry forward into FY 2011-2012.

The Finance Administrator anticipates that liability insurance will remain flat as compared to this year's insurance premiums. Our liability insurance deductible will increase from \$2500 to \$5000 – which is standard to all CIS customers. Workers compensation varies by employment classification, and we anticipate a slight increase based on our payout experience in recent years. We have budgeted a 00.00% change in PERS Tier 1 and Tier 2 employees; a 00.00% for PERS OPSRP general service employees; and a 00.00% for PERS OPSRP public safety employees – as we have received no notice of increase from PERS.

This budget has been established with reserves for unanticipated expenditures, revenue shortfalls, and/or capital purchases. The city of Vernonia is conservative in budgeting for revenue and cautious when estimating expenses.

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William Haack  
Budget Officer

April 9, 2011